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110TH CONGRESS
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H. R. 3121

[Report No. 110-340]

To restore the financial solvency of the national flood insurance program and to provide for such program to make available multiperil coverage for damage resulting from windstorms and floods, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 19, 2007

Ms. WATERS (for herself, Mr. TAYLOR, Mr. JINDAL, Mr. AL GREEN of Texas, and Mr. FRANK of Massachusetts) introduced the following bill; which was referred to the Committee on Financial Services

SEPTEMBER 24, 2007

Additional sponsors: Ms. KILPATRICK, Mrs. CHRISTENSEN, Mr. CLEAVER, Mr. HONDA, Mr. PATRICK MURPHY of Pennsylvania, Mr. PICKERING, Mr. BACA, Mr. MELANCON, and Mr. THOMPSON of Mississippi

SEPTEMBER 24, 2007

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on July 19, 2007]

A BILL

To restore the financial solvency of the national flood insurance program and to provide for such program to make available multiperil coverage for damage resulting from windstorms and floods, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) *SHORT TITLE.*—*This Act may be cited as the*
 5 *“Flood Insurance Reform and Modernization Act of 2007”.*

6 (b) *TABLE OF CONTENTS.*—*The table of contents for*
 7 *this Act is as follows:*

Sec. 1. Short title and table of contents.

Sec. 2. Findings and purposes.

Sec. 3. Study regarding status of pre-firm properties and mandatory purchase re-
quirement for natural 100-year floodplain and non-federally re-
lated loans.

Sec. 4. Phase-in of actuarial rates for nonresidential properties and non-primary
residences.

Sec. 5. Exception to waiting period for effective date of policies.

Sec. 6. Enforcement.

Sec. 7. Multiperil coverage for flood and windstorm.

Sec. 8. Maximum coverage limits.

Sec. 9. Coverage for additional living expenses, basement improvements, business
interruption, and replacement cost of contents.

Sec. 10. Notification to tenants of availability of contents insurance.

Sec. 11. Increase in annual limitation on premium increases.

Sec. 12. Increase in borrowing authority.

Sec. 13. FEMA participation in State disaster claims mediation programs.

Sec. 14. FEMA annual report on insurance program.

Sec. 15. Flood insurance outreach.

Sec. 16. Grants for direct funding of mitigation activities for individual repet-
itive claims properties.

Sec. 17. Extension of pilot program for mitigation of severe repetitive loss prop-
erties.

Sec. 18. Flood mitigation assistance program.

Sec. 19. GAO study of methods to increase flood insurance program participation
by low-income families.

Sec. 20. Notice of availability of flood insurance and escrow in RESPA good
faith estimate.

Sec. 21. Reiteration of FEMA responsibilities under 2004 Reform Act.

Sec. 22. Ongoing modernization of flood maps and elevation standards.

Sec. 23. Notification and appeal of map changes; notification of establishment of
flood elevations.

Sec. 24. Clarification of replacement cost provisions, forms, and policy language.

Sec. 25. Authorization of additional FEMA staff.

Sec. 26. Extension of deadline for filing proof of loss.

Sec. 27. 5-year extension of program.

Sec. 28. Report on inclusion of building codes in floodplain management criteria.

Sec. 29. Study of economic effects of charging actuarially-based premium rates
for pre-firm structures.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) *FINDINGS.*—*The Congress finds that—*

3 (1) *flooding has been shown to occur in all 50*
4 *States, the District of Columbia, and in all territories*
5 *and possessions of the United States;*

6 (2) *the national flood insurance program (NFIP)*
7 *is the only affordable and reliable source of insurance*
8 *to protect against flood losses;*

9 (3) *the aggregate amount of the flood insurance*
10 *claims resulting from Hurricane Katrina, Hurricane*
11 *Rita, and other events has exceeded the aggregate*
12 *amount of all claims previously paid in the history*
13 *of the national flood insurance program, requiring a*
14 *significant increase in the program's borrowing au-*
15 *thority;*

16 (4) *flood insurance policyholders have a legiti-*
17 *mate expectation that they will receive fair and time-*
18 *ly compensation for losses covered under their poli-*
19 *cies;*

20 (5) *substantial flooding has occurred, and will*
21 *likely occur again, outside the areas designated by the*
22 *Federal Emergency Management Agency (FEMA) as*
23 *high-risk flood hazard areas;*

24 (6) *properties located in low- to moderate-risk*
25 *areas are eligible to purchase flood insurance policies*
26 *with premiums as low as \$112 a year;*

1 (7) about 450,000 vacation homes, second homes,
2 and commercial properties are subsidized and are not
3 paying actuarially sound rates for flood insurance;

4 (8) phasing out subsidies currently extended to
5 vacation homes, second homes, and commercial prop-
6 erties would result in estimated average annual sav-
7 ings to the taxpayers of the United States and the na-
8 tional flood insurance program of \$335,000,000;

9 (9) the maximum coverage limits for flood insur-
10 ance policies should be increased to reflect inflation
11 and the increased cost of housing;

12 (10) significant reforms to the national flood in-
13 surance program required in the Bunning-Bereuter-
14 Blumenauer Flood Insurance Reform Act of 2004
15 have yet to be implemented; and

16 (11) in addition to reforms required in the
17 Bunning-Bereuter-Blumenauer Flood Insurance Re-
18 form Act of 2004, the national flood insurance pro-
19 gram requires a modernized and updated administra-
20 tive model to ensure that the program is solvent and
21 the people of the United States have continued access
22 to flood insurance.

23 (b) *PURPOSES.*—The purposes of this Act are—

24 (1) to protect the integrity of the national flood
25 insurance program by fully funding existing legal ob-

1 *ligations expected by existing policyholders who have*
2 *paid policy premiums in return for flood insurance*
3 *coverage and to pay debt service on funds borrowed*
4 *by the NFIP;*

5 *(2) to increase incentives for homeowners and*
6 *communities to participate in the national flood in-*
7 *surance program and to improve oversight to ensure*
8 *better accountability of the NFIP and FEMA;*

9 *(3) to increase awareness of homeowners of flood*
10 *risks and improve the quality of information regard-*
11 *ing such risks provided to homeowners; and*

12 *(4) to provide for the national flood insurance*
13 *program to make available optional multiperil insur-*
14 *ance coverage against loss resulting from physical*
15 *damage to or loss of real or personal property arising*
16 *from any flood or windstorm.*

17 **SEC. 3. STUDY REGARDING STATUS OF PRE-FIRM PROP-**
18 **ERTIES AND MANDATORY PURCHASE RE-**
19 **QUIREMENT FOR NATURAL 100-YEAR FLOOD-**
20 **PLAIN AND NON-FEDERALLY RELATED**
21 **LOANS.**

22 *(a) IN GENERAL.—The Comptroller General shall con-*
23 *duct a study as follows:*

24 *(1) PRE-FIRM PROPERTIES.—The study shall de-*
25 *termine the status of the national flood insurance pro-*

1 *gram, as of the date of the enactment of this Act, with*
2 *respect to the provision of flood insurance coverage for*
3 *pre-FIRM properties (as such term is defined in sec-*
4 *tion 578(b) of the National Flood Insurance Reform*
5 *Act of 1994 (42 U.S.C. 4014 note)), which shall in-*
6 *clude determinations of—*

7 *(A) the number of pre-FIRM properties for*
8 *which coverage is provided and the extent of such*
9 *coverage;*

10 *(B) the cost of providing coverage for such*
11 *pre-FIRM properties to the national flood insur-*
12 *ance program;*

13 *(C) the anticipated rate at which such pre-*
14 *FIRM properties will cease to be covered under*
15 *the program; and*

16 *(D) the effects that implementation of the*
17 *Bunning-Bereuter-Blumenauer Flood Insurance*
18 *Reform Act of 2004 will have on the national*
19 *flood insurance program generally and on cov-*
20 *erage of pre-FIRM properties under the pro-*
21 *gram.*

22 *(2) MANDATORY PURCHASE REQUIREMENT FOR*
23 *NATURAL 100-YEAR FLOODPLAIN.—The study shall as-*
24 *sess the impact, effectiveness, and feasibility of*
25 *amending the provisions of the Flood Disaster Protec-*

1 *tion Act of 1973 regarding the properties that are*
2 *subject to the mandatory flood insurance coverage*
3 *purchase requirements under such Act to extend such*
4 *requirements to properties located in any area that*
5 *would be designated as an area having special flood*
6 *hazards but for the existence of a structural flood pro-*
7 *tection system, and shall determine—*

8 *(A) the regulatory, financial and economic*
9 *impacts of extending such mandatory purchase*
10 *requirements on the costs of homeownership, the*
11 *actuarial soundness of the national flood insur-*
12 *ance program, the Federal Emergency Manage-*
13 *ment Agency, local communities, insurance com-*
14 *panies, and local land use;*

15 *(B) the effectiveness of extending such man-*
16 *datory purchase requirements in protecting*
17 *homeowners from financial loss and in pro-*
18 *tecting the financial soundness of the national*
19 *flood insurance program; and*

20 *(C) any impact on lenders of complying*
21 *with or enforcing such extended mandatory re-*
22 *quirements.*

23 *(3) MANDATORY PURCHASE REQUIREMENT FOR*
24 *NON-FEDERALLY RELATED LOANS.—The study shall*
25 *assess the impact, effectiveness, and feasibility of, and*

1 *basis under the Constitution of the United States for,*
2 *amending the provisions of the Flood Disaster Protec-*
3 *tion Act of 1973 regarding the properties that are*
4 *subject to the mandatory flood insurance coverage*
5 *purchase requirements under such Act to extend such*
6 *requirements to any property that is located in any*
7 *area having special flood hazards and which secures*
8 *the repayment of a loan that is not described in para-*
9 *graph (1), (2), or (3) of section 102(b) of such Act,*
10 *and shall determine how best to administer and en-*
11 *force such a requirement, taking into consideration*
12 *other insurance purchase requirements under Federal*
13 *and State law.*

14 *(b) REPORT.—The Comptroller General shall submit*
15 *a report to the Congress regarding the results and conclu-*
16 *sions of the study under this subsection not later than the*
17 *expiration of the 6-month period beginning on the date of*
18 *the enactment of this Act.*

19 **SEC. 4. PHASE-IN OF ACTUARIAL RATES FOR NONRESIDEN-**
20 **TIAL PROPERTIES AND NON-PRIMARY RESI-**
21 **DENCES.**

22 *(a) IN GENERAL.—Section 1308(c) of the National*
23 *Flood Insurance Act of 1968 (42 U.S.C. 4015(c)) is amend-*
24 *ed—*

1 (1) *by redesignating paragraph (2) as para-*
2 *graph (4); and*

3 (2) *by inserting after paragraph (1) the fol-*
4 *lowing new paragraphs:*

5 “(2) *NONRESIDENTIAL PROPERTIES.*—*Any non-*
6 *residential property, which term shall not include*
7 *any multifamily rental property that consists of four*
8 *or more dwelling units.*”

9 “(3) *NON-PRIMARY RESIDENCES.*—*Any residen-*
10 *tial property that is not the primary residence of any*
11 *individual, including the owner of the property or*
12 *any other individual who resides in the property as*
13 *a tenant.*”

14 (b) *TECHNICAL AMENDMENTS.*—*Section 1308 of the*
15 *National Flood Insurance Act of 1968 (42 U.S.C. 4015) is*
16 *amended—*

17 (1) *in subsection (c)—*

18 (A) *in the matter preceding paragraph (1),*
19 *by striking “the limitations provided under*
20 *paragraphs (1) and (2)” and inserting “sub-*
21 *section (e)”;* *and*

22 (B) *in paragraph (1), by striking “, except”*
23 *and all that follows through “subsection (e)”;*
24 *and*

1 (2) *in subsection (e), by striking “paragraph (2)*
2 *or (3)” and inserting “paragraph (4)”.*

3 (c) *EFFECTIVE DATE AND TRANSITION.—*

4 (1) *EFFECTIVE DATE.—The amendments made*
5 *by subsections (a) and (b) shall apply beginning on*
6 *January 1, 2011, except as provided in paragraph*
7 *(2) of this subsection.*

8 (2) *TRANSITION FOR PROPERTIES COVERED BY*
9 *FLOOD INSURANCE UPON EFFECTIVE DATE.—*

10 (A) *INCREASE OF RATES OVER TIME.—In*
11 *the case of any property described in paragraph*
12 *(2) or (3) of section 1308(c) of the National*
13 *Flood Insurance Act of 1968, as amended by sub-*
14 *section (a) of this section, that, as of the effective*
15 *date under paragraph (1) of this subsection, is*
16 *covered under a policy for flood insurance made*
17 *available under the national flood insurance pro-*
18 *gram for which the chargeable premium rates*
19 *are less than the applicable estimated risk pre-*
20 *mium rate under section 1307(a)(1) for the area*
21 *in which the property is located, the Director of*
22 *the Federal Emergency Management Agency*
23 *shall increase the chargeable premium rates for*
24 *such property over time to such applicable esti-*

1 *mated risk premium rate under section*
2 *1307(a)(1).*

3 *(B) ANNUAL INCREASE.—Such increase*
4 *shall be made by increasing the chargeable pre-*
5 *mium rates for the property (after application of*
6 *any increase in the premium rates otherwise ap-*
7 *plicable to such property), once during the 12-*
8 *month period that begins upon the effective date*
9 *under paragraph (1) of this subsection and once*
10 *every 12 months thereafter until such increase is*
11 *accomplished, by 15 percent (or such lesser*
12 *amount as may be necessary so that the charge-*
13 *able rate does not exceed such applicable esti-*
14 *mated risk premium rate or to comply with sub-*
15 *paragraph (C)). Any increase in chargeable pre-*
16 *mium rates for a property pursuant to this*
17 *paragraph shall not be considered for purposes of*
18 *the limitation under section 1308(e) of such Act.*

19 *(C) PROPERTIES SUBJECT TO PHASE-IN*
20 *AND ANNUAL INCREASES.—In the case of any*
21 *pre-FIRM property (as such term is defined in*
22 *section 578(b) of the National Flood Insurance*
23 *Reform Act of 1974), the aggregate increase, dur-*
24 *ing any 12-month period, in the chargeable pre-*
25 *mium rate for the property that is attributable*

1 to this paragraph or to an increase described in
2 section 1308(e) of the National Flood Insurance
3 Act of 1968 may not exceed the following per-
4 centage:

5 (i) *NONRESIDENTIAL PROPERTIES.*—In
6 the case of any property described in such
7 section 1308(c)(2), 20 percent.

8 (ii) *NON-PRIMARY RESIDENCES.*—In
9 the case of any property described in such
10 section 1308(c)(3), 25 percent.

11 (D) *FULL ACTUARIAL RATES.*—The provi-
12 sions of paragraphs (2) and (3) of such section
13 1308(c) shall apply to such a property upon the
14 accomplishment of the increase under this para-
15 graph and thereafter.

16 **SEC. 5. EXCEPTION TO WAITING PERIOD FOR EFFECTIVE**
17 **DATE OF POLICIES.**

18 Section 1306(c)(2)(A) of the National Flood Insurance
19 Act of 1968 (42 U.S.C. 4013(c)(2)(A)) is amended by insert-
20 ing before the semicolon the following: “or is in connection
21 with the purchase or other transfer of the property for which
22 the coverage is provided (regardless of whether a loan is
23 involved in the purchase or transfer transaction), but only
24 when such initial purchase of coverage is made not later
25 30 days after such making, increasing, extension, or re-

1 *newal of the loan or not later than 30 days after such pur-*
2 *chase or other transfer of the property, as applicable”.*

3 **SEC. 6. ENFORCEMENT.**

4 *Section 102(f) of the Flood Disaster Protection Act of*
5 *1973 (42 U.S.C. 4012a(f)) is amended—*

6 *(1) in paragraph (5)—*

7 *(A) in the first sentence, by striking “\$350”*
8 *and inserting “\$2,000”; and*

9 *(B) in the last sentence, by striking*
10 *“\$100,000” and inserting “\$1,000,000; except*
11 *that such limitation shall not apply to a regu-*
12 *lated lending institution or enterprise for a cal-*
13 *endar year if, in any three (or more) of the five*
14 *calendar years immediately preceding such cal-*
15 *endar year, the total amount of penalties as-*
16 *sessed under this subsection against such lending*
17 *institution or enterprise was \$1,000,000”; and*

18 *(2) in paragraph (6), by adding after the period*
19 *at the end the following: “No penalty may be imposed*
20 *under this subsection on a regulated lending institu-*
21 *tion or enterprise that has made a good faith effort*
22 *to comply with the requirements of the provisions re-*
23 *ferred to in paragraph (2) or for any non-material*
24 *violation of such requirements.”.*

1 **SEC. 7. MULTIPERIL COVERAGE FOR FLOOD AND WIND-**
2 **STORM.**

3 (a) *IN GENERAL.*—Section 1304 of the National Flood
4 Insurance Act of 1968 (42 U.S.C. 4011) is amended—

5 (1) by redesignating subsection (c) as subsection
6 (d); and

7 (2) by inserting after subsection (b) the following
8 new subsection:

9 “(c) *MULTIPERIL COVERAGE FOR DAMAGE FROM*
10 *FLOOD OR WINDSTORM.*—

11 “(1) *IN GENERAL.*—Subject to paragraph (8), the
12 national flood insurance program established pursu-
13 ant to subsection (a) shall enable the purchase of op-
14 tional insurance against loss resulting from physical
15 damage to or loss of real property or personal prop-
16 erty related thereto located in the United States aris-
17 ing from any flood or windstorm, subject to the limi-
18 tations in this subsection and section 1306(b).

19 “(2) *COMMUNITY PARTICIPATION REQUIRE-*
20 *MENT.*—Multiperil coverage pursuant to this sub-
21 section may not be provided in any area (or subdivi-
22 sion thereof) unless an appropriate public body shall
23 have adopted adequate land use and control measures
24 (with effective enforcement provisions) which the Di-
25 rector finds are consistent with the comprehensive cri-

1 *teria for land management and use relating to wind-*
2 *storms establish pursuant to section 1361(d)(2).*

3 “(3) *PROHIBITION AGAINST DUPLICATIVE COV-*
4 *ERAGE.—Multiperil coverage pursuant to this sub-*
5 *section may not be provided with respect to any*
6 *structure (or the personal property related thereto) for*
7 *any period during which such structure is covered, at*
8 *any time, by flood insurance coverage made available*
9 *under this title.*

10 “(4) *NATURE OF COVERAGE.—Multiperil cov-*
11 *erage pursuant to this subsection shall—*

12 “(A) *cover losses only from physical damage*
13 *resulting from flooding or windstorm; and*

14 “(B) *provide for approval and payment of*
15 *claims under such coverage upon proof that such*
16 *loss must have resulted from either windstorm or*
17 *flooding, but shall not require for approval and*
18 *payment of a claim that the specific cause of the*
19 *loss, whether windstorm or flooding, be distin-*
20 *guished or identified.*

21 “(5) *ACTUARIAL RATES.—Multiperil coverage*
22 *pursuant to this subsection shall be made available*
23 *for purchase for a property only at chargeable risk*
24 *premium rates that, based on consideration of the*
25 *risks involved and accepted actuarial principles, and*

1 *including operating costs and allowance and admin-*
2 *istrative expenses, are required in order to make such*
3 *coverage available on an actuarial basis for the type*
4 *and class of properties covered.*

5 “(6) *TERMS OF COVERAGE.*—*The Director shall,*
6 *after consultation with persons and entities referred*
7 *to in section 1306(a), provide by regulation for the*
8 *general terms and conditions of insurability which*
9 *shall be applicable to properties eligible for multiperil*
10 *coverage under this subsection, subject to the provi-*
11 *sions of this subsection, including—*

12 “(A) *the types, classes, and locations of any*
13 *such properties which shall be eligible for such*
14 *coverage, which shall include residential and*
15 *nonresidential properties;*

16 “(B) *subject to paragraph (7), the nature*
17 *and limits of loss or damage in any areas (or*
18 *subdivisions thereof) which may be covered by*
19 *such coverage;*

20 “(C) *the classification, limitation, and re-*
21 *jection of any risks which may be advisable;*

22 “(D) *appropriate minimum premiums;*

23 “(E) *appropriate loss deductibles; and*

1 “(F) any other terms and conditions relat-
2 ing to insurance coverage or exclusion that may
3 be necessary to carry out this subsection.

4 “(7) LIMITATIONS ON AMOUNT OF COVERAGE.—
5 The regulations issued pursuant to paragraph (6)
6 shall provide that the aggregate liability under
7 multiperil coverage made available under this sub-
8 section shall not exceed the lesser of the replacement
9 cost for covered losses or the following amounts, as ap-
10 plicable:

11 “(A) RESIDENTIAL STRUCTURES.—In the
12 case of residential properties—

13 “(i) for any single-family dwelling,
14 \$500,000;

15 “(ii) for any structure containing more
16 than one dwelling unit, \$500,000 for each
17 separate dwelling unit in the structure; and

18 “(iii) \$150,000 per dwelling unit for—

19 “(I) any contents related to such
20 unit; and

21 “(II) any necessary increases in
22 living expenses incurred by the insured
23 when losses from flooding or windstorm
24 make the residence unfit to live in.

1 “(B) *NONRESIDENTIAL PROPERTIES.*—*In*
2 *the case of nonresidential properties (including*
3 *church properties)*—

4 “(i) \$1,000,000 for any single struc-
5 *ture; and*

6 “(ii) \$750,000 for—

7 “(I) *any contents related to such*
8 *structure;*

9 “(II) *in the case of any nonresi-*
10 *dential property that is a business*
11 *property, any losses resulting from any*
12 *partial or total interruption of the in-*
13 *sured’s business caused by damage to,*
14 *or loss of, such property from flooding*
15 *or windstorm, except that for purposes*
16 *of such coverage, losses shall be deter-*
17 *mined based on the profits the covered*
18 *business would have earned, based on*
19 *previous financial records, had the*
20 *flood or windstorm not occurred.*

21 “(8) *REQUIREMENT TO CEASE OFFERING COV-*
22 *ERAGE IF BORROWING TO PAY CLAIMS.*—*If at any*
23 *time the Director utilizes the borrowing authority*
24 *under section 1309(a) for the purpose of obtaining*
25 *amounts to pay claims under multiperil coverage*

1 *made available under this subsection, the Director*
2 *may not, during the period beginning upon the ini-*
3 *tial such use of such borrowing authority and ending*
4 *upon repayment to the Secretary of the Treasury of*
5 *the full amount of all outstanding notes and obliga-*
6 *tions issued by the Director for such purpose, together*
7 *with all interest owed on such notes and obligations,*
8 *enter into any new policy, or renew any existing pol-*
9 *icy, for coverage made available under this subsection.*

10 “(9) *EFFECTIVE DATE.*—*This subsection shall*
11 *take effect on, and shall apply beginning on, June 30,*
12 *2008.”.*

13 (b) *PROHIBITION AGAINST DUPLICATIVE COV-*
14 *ERAGE.*—*The National Flood Insurance Act of 1968 is*
15 *amended by inserting after section 1313 (42 U.S.C. 4020)*
16 *the following new section:*

17 “*PROHIBITION AGAINST DUPLICATIVE COVERAGE*

18 “*SEC. 1314. Flood insurance under this title may not*
19 *be provided with respect to any structure (or the personal*
20 *property related thereto) for any period during which such*
21 *structure is covered, at any time, by multiperil insurance*
22 *coverage made available pursuant to section 1304(c).”.*

23 (c) *COMPLIANCE WITH STATE AND LOCAL LAW.*—*Sec-*
24 *tion 1316 of the National Flood Insurance Act of 1968 (42*
25 *U.S.C. 4023) is amended—*

1 (1) by inserting “(a) *FLOOD PROTECTION MEAS-*
2 *URES.—*” before “No new”; and

3 (2) by adding at the end the following new sub-
4 *section:*

5 “(b) *WINDSTORM PROTECTION MEASURES.—*No new
6 *multiperil coverage shall be provided under section 1304(c)*
7 *for any property that the Director finds has been declared*
8 *by a duly constituted State or local zoning authority, or*
9 *other authorized public body to be in violation of State or*
10 *local laws, regulations, or ordinances, which are intended*
11 *to reduce damage caused by windstorms.”.*

12 (d) *CRITERIA FOR LAND MANAGEMENT AND USE.—*
13 *Section 1361 of the National Flood Insurance Act of 1968*
14 *(42 U.S.C. 4102) is amended by adding at the end the fol-*
15 *lowing new subsection:*

16 “(d) *WINDSTORMS.—*

17 “(1) *STUDIES AND INVESTIGATIONS.—*The Direc-
18 *tor shall carry out studies and investigations under*
19 *this section to determine appropriate measures in*
20 *windstorm-prone areas as to land management and*
21 *use, windstorm zoning, and windstorm damage pre-*
22 *vention, and may enter into contracts, agreements,*
23 *and other appropriate arrangements to carry out*
24 *such activities. Such studies and investigations shall*
25 *include laws, regulations, and ordinance relating to*

1 *the orderly development and use of areas subject to*
2 *damage from windstorm risks, and zoning building*
3 *codes, building permits, and subdivision and other*
4 *building restrictions for such areas.*

5 *“(2) CRITERIA.—On the basis of the studies and*
6 *investigations pursuant to paragraph (1) and such*
7 *other information as may be appropriate, the Direct*
8 *shall establish comprehensive criteria designed to en-*
9 *courage, where necessary, the adoption of adequate*
10 *State and local measures which, to the maximum ex-*
11 *tent feasible, will assist in reducing damage caused by*
12 *windstorms.*

13 *“(3) COORDINATION WITH STATE AND LOCAL*
14 *GOVERNMENTS.—The Director shall work closely with*
15 *and provide any necessary technical assistance to*
16 *State, interstate, and local governmental agencies, to*
17 *encourage the application of criteria established under*
18 *paragraph (2) and the adoption and enforcement of*
19 *measures referred to in such paragraph.”.*

20 *(e) DEFINITIONS.—Section 1370 of the National Flood*
21 *Insurance Act of 1968 (42 U.S.C. 4121) is amended—*

22 *(1) in paragraph (14), by striking “and” at the*
23 *end;*

24 *(2) in paragraph (15) by striking the period at*
25 *the end and inserting “; and”; and*

1 (3) by adding at the end the following new para-
2 graph:

3 “(16) the term ‘windstorm’ means any hurri-
4 cane, tornado, cyclone, typhoon, or other wind
5 event.”.

6 **SEC. 8. MAXIMUM COVERAGE LIMITS.**

7 Subsection (b) of section 1306 of the National Flood
8 Insurance Act of 1968 (42 U.S.C. 4013(b)) is amended—

9 (1) in paragraph (2), by striking “\$250,000”
10 and inserting “\$335,000”;

11 (2) in paragraph (3), by striking “\$100,000”
12 and inserting “\$135,000”; and

13 (3) in paragraph (4), by striking “\$500,000”
14 each place such term appears and inserting
15 “\$670,000”.

16 **SEC. 9. COVERAGE FOR ADDITIONAL LIVING EXPENSES,**
17 **BASEMENT IMPROVEMENTS, BUSINESS**
18 **INTERRUPTION, AND REPLACEMENT COST OF**
19 **CONTENTS.**

20 Subsection (b) of section 1306 of the National Flood
21 Insurance Act of 1968 (42 U.S.C. 4013) is amended—

22 (1) in paragraph (4), by striking “and” at the
23 end;

24 (2) in paragraph (5)—

1 (A) by inserting “pursuant to paragraph
2 (2), (3), or (4)” after “any flood insurance cov-
3 erage”; and

4 (B) by striking the period at the end and
5 inserting a semicolon; and

6 (3) by adding at the end the following new para-
7 graphs:

8 “(6) in the case of any residential property, each
9 renewal or new contract for flood insurance coverage
10 shall provide not less than \$1,000 aggregate liability
11 per dwelling unit for any necessary increases in liv-
12 ing expenses incurred by the insured when losses from
13 a flood make the residence unfit to live in, which cov-
14 erage shall be available only at chargeable rates that
15 are not less than the estimated premium rates for
16 such coverage determined in accordance with section
17 1307(a)(1);

18 “(7) in the case of any residential property, op-
19 tional coverage for additional living expenses de-
20 scribed in paragraph (6) shall be made available to
21 every insured upon renewal and every applicant in
22 excess of the limits provided in paragraph (6) in such
23 amounts and at such rates as the Director shall estab-
24 lish, except that such chargeable rates shall not be less

1 *than the estimated premium rates for such coverage*
2 *determined in accordance with section 1307(a)(1);*

3 *“(8) in the case of any residential property, op-*
4 *tional coverage for losses, resulting from floods, to im-*
5 *provements and personal property located in base-*
6 *ments, crawl spaces, and other enclosed areas under*
7 *buildings that are not covered by primary flood in-*
8 *surance coverage under this title, shall be made avail-*
9 *able to every insured upon renewal and every appli-*
10 *cant, except that such coverage shall be made avail-*
11 *able only at chargeable rates that are not less than the*
12 *estimated premium rates for such coverage determined*
13 *in accordance with section 1307(a)(1);*

14 *“(9) in the case of any commercial property or*
15 *other residential property, including multifamily*
16 *rental property, optional coverage for losses resulting*
17 *from any partial or total interruption of the insured’s*
18 *business caused by damage to, or loss of, such prop-*
19 *erty from a flood shall be made available to every in-*
20 *sured upon renewal and every applicant, except*
21 *that—*

22 *“(A) for purposes of such coverage, losses*
23 *shall be determined based on the profits the cov-*
24 *ered business would have earned, based on pre-*

1 *vious financial records, had the flood not oc-*
2 *curred; and*

3 *“(B) such coverage shall be made available*
4 *only at chargeable rates that are not less than*
5 *the estimated premium rates for such coverage*
6 *determined in accordance with section*
7 *1307(a)(1); and*

8 *“(10) in the case of any residential property and*
9 *any commercial property, optional coverage for the*
10 *full replacement costs of any contents related to the*
11 *structure that exceed the limits of coverage otherwise*
12 *provided in this subsection shall be made available to*
13 *every insured upon renewal and every applicant, ex-*
14 *cept that such coverage shall be made available only*
15 *at chargeable rates that are not less than the esti-*
16 *mated premium rates for such coverage determined in*
17 *accordance with section 1307(a)(1).”.*

18 **SEC. 10. NOTIFICATION TO TENANTS OF AVAILABILITY OF**
19 **CONTENTS INSURANCE.**

20 *The National Flood Insurance Act of 1968 is amended*
21 *by inserting after section 1308 (42 U.S.C. 4015) the fol-*
22 *lowing new section:*

1 **“SEC. 1308A. NOTIFICATION TO TENANTS OF AVAILABILITY**
2 **OF CONTENTS INSURANCE.**

3 *“(a) IN GENERAL.—The Director shall, upon entering*
4 *into a contract for flood insurance coverage under this title*
5 *for any property located in an area having special flood*
6 *hazards—*

7 *“(1) provide to the insured sufficient copies of*
8 *the notice developed pursuant to subsection (b); and*

9 *“(2) strongly encourage the insured to provide a*
10 *copy of the notice, or otherwise provide notification of*
11 *the information under subsection (b) in the manner*
12 *that the manager or landlord deems most appro-*
13 *priate, to each such tenant and to each new tenant*
14 *upon commencement of such a tenancy.*

15 *“(b) NOTICE.—Notice to a tenant of a property in ac-*
16 *cordance with this subsection is written notice that clearly*
17 *informs a tenant—*

18 *“(1) that the property is located in an area hav-*
19 *ing special flood hazards;*

20 *“(2) that flood insurance coverage is available*
21 *under the national flood insurance program under*
22 *this title for contents of the unit or structure leased*
23 *by the tenant;*

24 *“(3) of the maximum amount of such coverage*
25 *for contents available under this title at that time;*
26 *and*

1 *paid, pursuant to increase in borrowing authority author-*
2 *ized under the amendments made by subsection (a).*

3 **SEC. 13. FEMA PARTICIPATION IN STATE DISASTER CLAIMS**
4 **MEDIATION PROGRAMS.**

5 *Chapter I of the National Flood Insurance Act of 1968*
6 *(42 U.S.C. 4011 et seq.) is amended by adding at the end*
7 *the following new section:*

8 **“SEC. 1325. FEMA PARTICIPATION IN STATE DISASTER**
9 **CLAIMS MEDIATION PROGRAMS.**

10 *“(a) REQUIREMENT TO PARTICIPATE.—In the case of*
11 *the occurrence of a natural catastrophe that may have re-*
12 *sulted in flood damage covered by insurance made available*
13 *under the national flood insurance program and a loss cov-*
14 *ered by personal lines residential property insurance policy,*
15 *upon request made by the insurance commissioner of a*
16 *State (or such other official responsible for regulating the*
17 *business of insurance in the State) for the participation of*
18 *representatives of the Director in a program sponsored by*
19 *such State for nonbinding mediation of insurance claims*
20 *resulting from a natural catastrophe, the Director shall*
21 *cause such representatives to participate in such State pro-*
22 *gram, when claims under the national flood insurance pro-*
23 *gram are involved, to expedite settlement of flood damage*
24 *claims resulting from such catastrophe.*

1 “(b) *EXTENT OF PARTICIPATION.*—*Participation by*
2 *representatives of the Director required under subsection (a)*
3 *with respect to flood damage claims resulting from a nat-*
4 *ural catastrophe shall include—*

5 “(1) *providing adjusters certified for purposes of*
6 *the national flood insurance program who are author-*
7 *ized to settle claims against such program resulting*
8 *from such catastrophe in amounts up to the limits of*
9 *policies under such program;*

10 “(2) *requiring such adjusters to attend State-*
11 *sponsored mediation meetings regarding flood insur-*
12 *ance claims resulting from such catastrophe at times*
13 *and places as may be arranged by the State;*

14 “(3) *participating in good-faith negotiations to-*
15 *ward the settlement of such claims with policyholders*
16 *of coverage made available under the national flood*
17 *insurance program; and*

18 “(4) *finalizing the settlement of such claims on*
19 *behalf of the national flood insurance program with*
20 *such policyholders.*

21 “(c) *COORDINATION.*—*Representatives of the Director*
22 *who participate pursuant to this section in a State-spon-*
23 *sored mediation program with respect to a natural catas-*
24 *trophe shall at all times coordinate their activities with in-*
25 *surance officials of the State and representatives of insurers*

1 *for the purpose of consolidating and expediting the settle-*
2 *ment of claims under the national flood insurance program*
3 *resulting from such catastrophe at the earliest possible time.*

4 “(d) *MEDIATION PROCEEDINGS AND PRIVILEGED DOC-*
5 *UMENTS.*—*As a condition of the participation of Represent-*
6 *atives of the Director pursuant to this section in State-spon-*
7 *sored mediation, all statements made and documents pro-*
8 *duced pursuant to such mediation involving representatives*
9 *of the Director shall be deemed privileged and confidential*
10 *settlement negotiations made in anticipation of litigation.*

11 “(e) *EFFECT OF PARTICIPATION ON LIABILITY, RIGHT,*
12 *AND OBLIGATIONS.*—*Participation of Representatives of the*
13 *Director pursuant to this section in State-sponsored medi-*
14 *ation shall not affect or expand the liability of any party*
15 *in contract or in tort, nor shall it affect the rights or obliga-*
16 *tions of the parties as provided in the Standard Flood In-*
17 *surance Policy under the national flood insurance program,*
18 *regulations of the Federal Emergency Management Agency,*
19 *this Act, or Federal common law.*

20 “(f) *EXCLUSIVE FEDERAL JURISDICTION.*—*Participa-*
21 *tion of Representatives of the Director pursuant to this sec-*
22 *tion in State-sponsored mediation shall not alter, change*
23 *or modify the original exclusive jurisdiction of United*
24 *States courts as provided in this Act.*

1 “(g) *COST LIMITATION.*—*Nothing in this section shall*
2 *be construed to require the Director or representatives of*
3 *the Director to pay additional mediation fees relating to*
4 *flood claims associated with a State-sponsored mediation*
5 *program in which representatives of the Director partici-*
6 *pate.*

7 “(h) *EXCEPTION.*—*In the case of the occurrence of a*
8 *natural catastrophe that results in flood damage claims*
9 *under the national flood insurance program and does not*
10 *result in any loss covered by a personal lines residential*
11 *property insurance policy—*

12 “(1) *this section shall not apply; and*

13 “(2) *the provisions of the Standard Flood Insur-*
14 *ance Policy under the national flood insurance pro-*
15 *gram and the appeals process established pursuant to*
16 *section 205 of the Bunning-Bereueter-Blumenauer*
17 *Flood Insurance Reform Act of 2004 (Public Law*
18 *108–264; 118 Stat. 726) and regulations issued pur-*
19 *suant to such section shall apply exclusively.*

20 “(i) *REPRESENTATIVES OF DIRECTOR.*—*For purposes*
21 *of this section, the term ‘representatives of the Director’*
22 *means representatives of the national flood insurance pro-*
23 *gram who participate in the appeals process established*
24 *pursuant to section 205 of the Bunning-Bereueter-*
25 *Blumenauer Flood Insurance Reform Act of 2004 (Public*

1 *Law 108–264; 118 Stat. 726) and regulations issued pursu-*
2 *ant to such section.”.*

3 **SEC. 14. FEMA ANNUAL REPORT ON INSURANCE PROGRAM.**

4 *Section 1320 of the National Flood Insurance Act of*
5 *1968 (42 U.S.C. 4027) is amended—*

6 *(1) in the section heading, by striking “REPORT*
7 *TO THE PRESIDENT” and inserting “ANNUAL REPORT*
8 *TO CONGRESS”;*

9 *(2) in subsection (a)—*

10 *(A) by striking “biennially”;*

11 *(B) by striking “the President for submis-*
12 *sion to”;* and

13 *(C) by inserting “not later than June 30 of*
14 *each year” before the period at the end;*

15 *(3) in subsection (b), by striking “biennial” and*
16 *inserting “annual”;* and

17 *(4) by adding at the end the following new sub-*
18 *section:*

19 *“(c) FINANCIAL STATUS OF PROGRAM.—The report*
20 *under this section for each year shall include information*
21 *regarding the financial status of the national flood insur-*
22 *ance program under this title, including a description of*
23 *the financial status of the National Flood Insurance Fund*
24 *and current and projected levels of claims, premium re-*
25 *ceipts, expenses, and borrowing under the program.”.*

1 **SEC. 15. FLOOD INSURANCE OUTREACH.**

2 (a) *GRANTS.*—Chapter I of the National Flood Insur-
3 *ance Act of 1968 (42 U.S.C. 4011 et seq.), as amended by*
4 *the preceding provisions of this Act, is further amended by*
5 *adding at the end the following new section:*

6 **“SEC. 1326. GRANTS FOR OUTREACH TO PROPERTY OWNERS**
7 **AND RENTERS.**

8 “(a) *IN GENERAL.*—The Director may, to the extent
9 *amounts are made available pursuant to subsection (h),*
10 *make grants to local governmental agencies responsible for*
11 *floodplain management activities (including such agencies*
12 *of Indians tribes, as such term is defined in section 4 of*
13 *the Native American Housing Assistance and Self-Deter-*
14 *mination Act of 1996 (25 U.S.C. 4103)) in communities*
15 *that participate in the national flood insurance program*
16 *under this title, for use by such agencies to carry out out-*
17 *reach activities to encourage and facilitate the purchase of*
18 *flood insurance protection under this Act by owners and*
19 *renters of properties in such communities and to promote*
20 *educational activities that increase awareness of flood risk*
21 *reduction.*

22 “(b) *OUTREACH ACTIVITIES.*—Amounts from a grant
23 *under this section shall be used only for activities designed*
24 *to—*

25 “(1) *identify owners and renters of properties in*
26 *communities that participate in the national flood in-*

1 *surance program, including owners of residential and*
2 *commercial properties;*

3 *“(2) notify such owners and renters when their*
4 *properties become included in, or when they are ex-*
5 *cluded from, an area having special flood hazards*
6 *and the effect of such inclusion or exclusion on the ap-*
7 *plicability of the mandatory flood insurance purchase*
8 *requirement under section 102 of the Flood Disaster*
9 *Protection Act of 1973 (42 U.S.C. 4012a) to such*
10 *properties;*

11 *“(3) educate such owners and renters regarding*
12 *the flood risk and reduction of this risk in their com-*
13 *munity, including the continued flood risks to areas*
14 *that are no longer subject to the flood insurance man-*
15 *datory purchase requirement;*

16 *“(4) educate such owners and renters regarding*
17 *the benefits and costs of maintaining or acquiring*
18 *flood insurance, including, where applicable, lower-*
19 *cost preferred risk policies under this title for such*
20 *properties and the contents of such properties; and*

21 *“(5) encouraging such owners and renters to*
22 *maintain or acquire such coverage.*

23 *“(c) COST SHARING REQUIREMENT.—*

24 *“(1) IN GENERAL.—In any fiscal year, the Di-*
25 *rector may not provide a grant under this section to*

1 *a local governmental agency in an amount exceeding*
2 *3 times the amount that the agency certifies, as the*
3 *Director shall require, that the agency will contribute*
4 *from non-Federal funds to be used with grant*
5 *amounts only for carrying out activities described in*
6 *subsection (b).*

7 *“(2) NON-FEDERAL FUNDS.—For purposes of*
8 *this subsection, the term ‘non-Federal funds’ includes*
9 *State or local government agency amounts, in-kind*
10 *contributions, any salary paid to staff to carry out*
11 *the eligible activities of the grant recipient, the value*
12 *of the time and services contributed by volunteers to*
13 *carry out such services (at a rate determined by the*
14 *Director), and the value of any donated material or*
15 *building and the value of any lease on a building.*

16 *“(d) ADMINISTRATIVE COST LIMITATION.—Notwith-*
17 *standing subsection (b), the Director may use not more than*
18 *5 percent of amounts made available under subsection (g)*
19 *to cover salaries, expenses, and other administrative costs*
20 *incurred by the Director in making grants and provide as-*
21 *sistance under this section.*

22 *“(e) APPLICATION AND SELECTION.—*

23 *“(1) IN GENERAL.—The Director shall provide*
24 *for local governmental agencies described in sub-*
25 *section (a) to submit applications for grants under*

1 *this section and for competitive selection, based on*
2 *criteria established by the Director, of agencies sub-*
3 *mitting such applications to receive such grants.*

4 “(2) *SELECTION CONSIDERATIONS.—In selecting*
5 *applications of local government agencies to receive*
6 *grants under paragraph (1), the Director shall con-*
7 *sider—*

8 “(A) *the existence of a cooperative technical*
9 *partner agreement between the local govern-*
10 *mental agency and the Federal Emergency Man-*
11 *agement Agency;*

12 “(B) *the history of flood losses in the rel-*
13 *evant area that have occurred to properties, both*
14 *inside and outside the special flood hazards*
15 *zones, which are not covered by flood insurance*
16 *coverage;*

17 “(C) *the estimated percentage of high-risk*
18 *properties located in the relevant area that are*
19 *not covered by flood insurance;*

20 “(D) *demonstrated success of the local gov-*
21 *ernmental agency in generating voluntary pur-*
22 *chase of flood insurance; and*

23 “(E) *demonstrated technical capacity of the*
24 *local governmental agency for outreach to indi-*
25 *vidual property owners.*

1 “(f) *DIRECT OUTREACH BY FEMA.*—In each fiscal
2 year that amounts for grants are made available pursuant
3 to subsection (h), the Director may use not more than 50
4 percent of such amounts to carry out, and to enter into con-
5 tracts with other entities to carry out, activities described
6 in subsection (b) in areas that the Director determines have
7 the most immediate need for such activities.

8 “(g) *REPORTING.*—Each local government agency that
9 receives a grant under this section, and each entity that
10 receives amounts pursuant to subsection (f), shall submit
11 a report to the Director, not later than 12 months after such
12 amounts are first received, which shall include such infor-
13 mation as the Director considers appropriate to describe the
14 activities conducted using such amounts and the effect of
15 such activities on the retention or acquisition of flood insur-
16 ance coverage.

17 “(h) *AUTHORIZATION OF APPROPRIATIONS.*—There is
18 authorized to be appropriated for grants under this section
19 \$50,000,000 for each of fiscal years 2008 through 2012.”.

20 “(b) *REPORT ON CURRENT EFFORTS.*—Not later than
21 the expiration of the 60-day period beginning on the date
22 of the enactment of this Act, the Director of the Federal
23 Emergency Management Agency shall submit a report to
24 the Congress identifying and describing the marketing and
25 outreach efforts then currently being undertaken to educate

1 consumers regarding the benefits of obtaining coverage
2 under the national flood insurance program.

3 **SEC. 16. GRANTS FOR DIRECT FUNDING OF MITIGATION AC-**
4 **TIVITIES FOR INDIVIDUAL REPETITIVE**
5 **CLAIMS PROPERTIES.**

6 (a) *DIRECT GRANTS TO OWNERS.*—Section 1323 of the
7 *National Flood Insurance Act of 1968 (42 U.S.C. 4030)* is
8 amended—

9 (1) in the section heading, by inserting “**DI-**
10 **RECT**” before “**GRANTS**”; and

11 (2) in the matter in subsection (a) that precedes
12 paragraph (1)—

13 (A) by inserting “, to owners of such prop-
14 erties,” before “for mitigation actions”; and

15 (B) by striking “1” and inserting “two”.

16 (b) *AVAILABILITY OF FUNDS.*—Paragraph (9) of sec-
17 *tion 1310(a) of the National Flood Insurance Act of 1968*
18 *(42 U.S.C. 4017(a))* is amended by inserting “which shall
19 remain available until expended,” after “any fiscal year,”.

20 **SEC. 17. EXTENSION OF PILOT PROGRAM FOR MITIGATION**
21 **OF SEVERE REPETITIVE LOSS PROPERTIES.**

22 Section 1361A of the *National Flood Insurance Act of*
23 *1968 (42 U.S.C. 4102a)* is amended—

1 (1) in subsection (k)(1), by striking “2005, 2006,
2 2007, 2008, and 2009” and inserting “2008, 2009,
3 2010, 2011, and 2012”; and

4 (2) by striking subsection (l).

5 **SEC. 18. FLOOD MITIGATION ASSISTANCE PROGRAM.**

6 (a) *ELIGIBILITY OF PROPERTY DEMOLITION AND RE-*
7 *BUILDING.*—Section 1366(e)(5)(B) of the National Flood
8 Insurance Act of 1968 (42 U.S.C. 4104c(e)(5)(B)) is amend-
9 ed by striking “or floodproofing” and inserting
10 “floodproofing, or demolition and rebuilding”.

11 (b) *ELIMINATION OF LIMITATIONS ON AGGREGATE*
12 *AMOUNT OF ASSISTANCE.*—Section 1366 of the National
13 Flood Insurance Act of 1968 is amended by striking sub-
14 section (f).

15 (c) *SOURCE OF FUNDS.*—Subsection (a) of section
16 1367 of the National Flood Insurance Act of 1968 (42
17 U.S.C. 4104d(a)) is amended by adding at the end the fol-
18 lowing new sentence: “Notwithstanding any other provision
19 of this title, amounts made available pursuant to this sub-
20 section shall not be subject to offsetting collections through
21 premium rates for flood insurance coverage under this
22 title.”.

23 (d) *TECHNICAL AMENDMENTS.*—Section 1366 of the
24 National Flood Insurance Act of 1968 is amended—

1 (1) by striking “subsection (g)” each place such
2 term appears in subsections (h) and (i)(2) and insert-
3 ing “subsection (f)”;

4 (2) by redesignating subsections (g) through (k)
5 as subsections (f) through (j), respectively; and

6 (3) by redesignating subsection (m) as subsection
7 (k).

8 **SEC. 19. GAO STUDY OF METHODS TO INCREASE FLOOD IN-**
9 **SURANCE PROGRAM PARTICIPATION BY LOW-**
10 **INCOME FAMILIES.**

11 (a) *IN GENERAL.*—*The Comptroller General of the*
12 *United States shall conduct a study to identify and analyze*
13 *potential methods, practices, and incentives that would in-*
14 *crease the extent to which low-income families (as such term*
15 *is defined in section 3(b) of the United States Housing Act*
16 *of 1937 (42 U.S.C. 1437a(b))) that own residential prop-*
17 *erties located within areas having special flood hazards pur-*
18 *chase flood insurance coverage for such properties under the*
19 *national flood insurance program. In conducting the study,*
20 *the Comptroller General shall analyze the effectiveness and*
21 *costs of the various methods, practices, and incentives iden-*
22 *tified, including their effects on the national flood insurance*
23 *program.*

24 (b) *REPORT.*—*The Comptroller General shall submit*
25 *to the Congress a report setting forth the conclusions of the*

1 *study under this section not later than 12 months after the*
2 *date of the enactment of this Act.*

3 **SEC. 20. NOTICE OF AVAILABILITY OF FLOOD INSURANCE**
4 **AND ESCROW IN RESPA GOOD FAITH ESTI-**
5 **MATE.**

6 *Subsection (c) of section 5 of the Real Estate Settle-*
7 *ment Procedures Act of 1974 (12 U.S.C. 2604(c)) is amend-*
8 *ed by adding at the end the following new sentence: “Each*
9 *such good faith estimate shall include the following con-*
10 *spicuous statements and information: (1) that flood insur-*
11 *ance coverage for residential real estate is generally avail-*
12 *able under the national flood insurance program whether*
13 *or not the real estate is located in an area having special*
14 *flood hazards and that, to obtain such coverage, a home*
15 *owner or purchaser should contact the national flood insur-*
16 *ance program; (2) a telephone number and a location on*
17 *the World Wide Web by which a home owner or purchaser*
18 *can contact the national flood insurance program; and (3)*
19 *that the escrowing of flood insurance payments is required*
20 *for many loans under section 102(d) of the Flood Disaster*
21 *Protection Act of 1973, and may be a convenient and avail-*
22 *able option with respect to other loans.”.*

1 **SEC. 21. REITERATION OF FEMA RESPONSIBILITIES UNDER**
2 **2004 REFORM ACT.**

3 (a) *APPEALS PROCESS.*—As directed in section 205 of
4 the *Bunning-Bereuter-Blumenauer Flood Insurance Reform*
5 *Act of 2004* (42 U.S.C. 4011 note), the Director of the Fed-
6 eral Emergency Management Agency is again directed to,
7 not later than 90 days after the date of the enactment of
8 this Act, establish an appeals process through which holders
9 of a flood insurance policy may appeal the decisions, with
10 respect to claims, proofs of loss, and loss estimates relating
11 to such flood insurance policy as required by such section.

12 (b) *MINIMUM TRAINING AND EDUCATION REQUIRE-*
13 *MENTS.*—The Director of the Federal Emergency Manage-
14 ment Agency is directed to continue to work with the insur-
15 ance industry, State insurance regulators, and other inter-
16 ested parties to implement the minimum training and edu-
17 cation standards for all insurance agents who sell flood in-
18 surance policies that were established by the Director under
19 the notice published September 1, 2005 (70 Fed. Reg.
20 52117) pursuant to section 207 of the *Bunning-Bereuter-*
21 *Blumenauer Flood Insurance Reform Act of 2004* (42
22 U.S.C. 4011 note).

23 (c) *REPORT.*—Not later than the expiration of the 6-
24 month period beginning on the date of the enactment of this
25 Act, the Director of the Federal Emergency Management
26 Agency shall submit a report to the Congress describing the

1 *implementation of each provision of the Bunning-Bereuter-*
2 *Blumenauer Flood Insurance Reform Act of 2004 (Public*
3 *Law 108–264) and identifying each regulation, order, no-*
4 *tice, and other material issued by the Director in imple-*
5 *menting each such provision.*

6 **SEC. 22. ONGOING MODERNIZATION OF FLOOD MAPS AND**
7 **ELEVATION STANDARDS.**

8 (a) *ONGOING FLOOD MAPPING PROGRAM.*—Section
9 *1360 of the National Flood Insurance Act of 1968 (42*
10 *U.S.C. 4101) is amended by adding at the end the following*
11 *new subsection:*

12 “(k) *ONGOING PROGRAM TO REVIEW, UPDATE, AND*
13 *MAINTAIN FLOOD INSURANCE PROGRAM MAPS.*—

14 “(1) *IN GENERAL.*—The Director, in coordina-
15 *tion with the Technical Mapping Advisory Council*
16 *established pursuant to section 576 of the National*
17 *Flood Insurance Reform Act of 1994 (42 U.S.C. 4101*
18 *note) and section 22(b) of the Flood Insurance Reform*
19 *and Modernization Act of 2007, shall establish an on-*
20 *going program under which the Director shall review,*
21 *update, and maintain national flood insurance pro-*
22 *gram rate maps in accordance with this subsection.*

23 “(2) *INCLUSIONS.*—

1 “(A) *COVERED AREAS.*—Each map updated
2 under this subsection shall include a depiction
3 of—

4 “(i) the 500-year floodplain;

5 “(ii) areas that could be inundated as
6 a result of the failure of a levee, as deter-
7 mined by the Director; and

8 “(iii) areas that could be inundated as
9 a result of the failure of a dam, as identi-
10 fied under the National Dam Safety Pro-
11 gram Act (33 U.S.C. 467 et seq.).

12 “(B) *OTHER INCLUSIONS.*—In updating
13 maps under this subsection, the Director may in-
14 clude—

15 “(i) any relevant information on coast-
16 al inundation from—

17 “(I) an applicable inundation
18 map of the Corps of Engineers; and

19 “(II) data of the National Oceanic
20 and Atmospheric Administration relat-
21 ing to storm surge modeling;

22 “(ii) any relevant information of the
23 Geographical Service on stream flows, wa-
24 tershed characteristics, and topography that
25 is useful in the identification of flood haz-

1 *ard areas, as determined by the Director;*
2 *and*

3 *“(iii) a description of any hazard that*
4 *might impact flooding, including, as deter-*
5 *mined by the Director—*

6 *“(I) land subsidence and coastal*
7 *erosion areas;*

8 *“(II) sediment flow areas;*

9 *“(III) mud flow areas;*

10 *“(IV) ice jam areas; and*

11 *“(V) areas on coasts and inland*
12 *that are subject to the failure of struc-*
13 *tural protective works, such as levees,*
14 *dams, and floodwalls.*

15 *“(3) STANDARDS.—In updating and maintain-*
16 *ing maps under this subsection, the Director shall es-*
17 *tablish standards to—*

18 *“(A) ensure that maps are adequate for—*

19 *“(i) flood risk determinations; and*

20 *“(ii) use by State and local govern-*
21 *ments in managing development to reduce*
22 *the risk of flooding;*

23 *“(B) facilitate the Director, in conjunction*
24 *with State and local governments, to identify*
25 *and use consistent methods of data collection and*

1 *analysis in developing maps for communities*
2 *with similar flood risks, as determined by the*
3 *Director; and*

4 “(C) *ensure that emerging weather fore-*
5 *casting technology is used, where practicable, in*
6 *flood map evaluations and the identification of*
7 *potential risk areas.*

8 “(4) *HURRICANES KATRINA AND RITA MAPPING*
9 *PRIORITY.—In updating and maintaining maps*
10 *under this subsection, the Director shall—*

11 “(A) *give priority to the updating and*
12 *maintenance of maps of coastal areas affected by*
13 *Hurricane Katrina or Hurricane Rita to pro-*
14 *vide guidance with respect to hurricane recovery*
15 *efforts; and*

16 “(B) *use the process of updating and main-*
17 *taining maps under subparagraph (A) as a*
18 *model for updating and maintaining other*
19 *maps.*

20 “(5) *PREVENTING DELAY OF 100-YEAR MAPS.—In*
21 *carrying out this section and this subsection, the Di-*
22 *rector shall take such actions as may be necessary to*
23 *ensure that updating and publication of national*
24 *flood insurance program rate maps to include a de-*
25 *scription of the 500-year floodplain does not in any*

1 *manner delay the completion or publication of the*
2 *program rate maps for the 100-year floodplain.*

3 “(6) *EDUCATION PROGRAM.*—*The Director shall,*
4 *after each update to a flood insurance program rate*
5 *map, in consultation with the chief executive officer*
6 *of each community affected by the update, conduct a*
7 *program to educate each such community about the*
8 *update to the flood insurance program rate map and*
9 *the effects of the update.*

10 “(7) *ANNUAL REPORT.*—*Not later than June 30*
11 *of each year, the Director shall submit a report to the*
12 *Congress describing, for the preceding 12-month pe-*
13 *riod, the activities of the Director under the program*
14 *under this section and the reviews and updates of*
15 *flood insurance program rate maps conducted under*
16 *the program. Each such annual report shall contain*
17 *the most recent report of the Technical Mapping Ad-*
18 *visory Council pursuant to section 576(c)(3) of the*
19 *National Flood Insurance Reform Act of 1994 (42*
20 *U.S.C. 4101 note).*

21 “(8) *AUTHORIZATION OF APPROPRIATIONS.*—
22 *There is authorized to be appropriated to the Director*
23 *to carry out this subsection \$400,000,000 for each of*
24 *fiscal years 2008 through 2013.”.*

1 **(b) REESTABLISHMENT OF TECHNICAL MAPPING AD-**
2 **VISORY COUNCIL FOR ONGOING MAPPING PROGRAM.—**

3 **(1) REESTABLISHMENT.—***There is reestablished*
4 *the Technical Mapping Advisory Council, in accord-*
5 *ance with this subsection and section 576 of the Na-*
6 *tional Flood Insurance Reform Act of 1994 (42*
7 *U.S.C. 4101 note).*

8 **(2) MEMBERSHIP.—***Paragraph (1) of section*
9 *576(b) of the National Flood Insurance Reform Act of*
10 *1994 (42 U.S.C. 4101 note) is amended—*

11 **(A)** *in the matter preceding subparagraph*
12 *(A), by striking “10” and inserting “14”;*

13 **(B)** *by redesignating subparagraphs (E),*
14 *(F), (G), (H), (I), and (J) as subparagraphs (F),*
15 *(G), (H), (K), (N), and (O), respectively;*

16 **(C)** *by inserting after subparagraph (D) the*
17 *following new subparagraph:*

18 **“(E)** *a representative of the Corps of Engi-*
19 *neers of the United States Army;”;*

20 **(D)** *by inserting after subparagraph (H)*
21 *(as so redesignated by subparagraph (B) of this*
22 *paragraph) the following new subparagraphs:*

23 **“(I)** *a representative of local or regional*
24 *flood and stormwater agencies;*

1 “(J) a representative of State geographic in-
2 formation coordinators;” and

3 (E) by inserting after subparagraph (K) (as
4 so redesignated by subparagraph (B) of this
5 paragraph) the following new subparagraphs:

6 “(L) a representative of flood insurance
7 servicing companies;

8 “(M) a real estate professional;”.

9 (3) *TERMS OF MEMBERS AND APPOINTMENT.*—
10 Section 576(b) of the National Flood Insurance Re-
11 form Act of 1994 (42 U.S.C. 4101 note) is amended
12 by adding at the end the following new paragraph:

13 “(3) *TERMS OF MEMBERS.*—

14 “(A) *IN GENERAL.*—Each member of the
15 Council pursuant to any of subparagraphs (B)
16 through (N) of paragraph (1) shall be appointed
17 for a term of 5 years, except as provided in sub-
18 paragraphs (B) and (C).

19 “(B) *TERMS OF INITIAL APPOINTEES.*—As
20 designated by the Director (or the designee of the
21 Director) at the time of appointment, of the
22 members of the Council first appointed pursuant
23 to subparagraph (D)—

24 “(i) 4 shall be appointed for a term of
25 1 year;

1 “(ii) 4 shall be appointed for a term of
2 3 years; and

3 “(iii) 5 shall be appointed for a term
4 of 5 years.

5 “(C) VACANCIES.—Any member of the
6 Council appointed to fill a vacancy occurring be-
7 fore the expiration of the term for which the
8 member’s predecessor was appointed shall be ap-
9 pointed only for the remainder of that term. A
10 member may serve after the expiration of that
11 member’s term until a successor has taken office.
12 A vacancy in the Council shall be filled in the
13 manner in which the original appointment was
14 made.

15 “(D) INITIAL APPOINTMENT.—The Director,
16 or the Director’s designee, shall take action as
17 soon as possible after the date of the enactment
18 of the Flood Insurance Reform and Moderniza-
19 tion Act of 2007 to appoint the members of the
20 Council pursuant to this subsection.”.

21 “(4) DUTIES.—Subsection (c) of section 576 of the
22 National Flood Insurance Reform Act of 1994 (42
23 U.S.C. 4101 note) is amended to read as follows:

24 “(c) DUTIES.—The Council shall—

1 “(1) make recommendations to the Director for
2 improvements to the flood map modernization pro-
3 gram under section 1360(k) of the National Flood In-
4 surance Act of 1968 (42 U.S.C. 41010(k));

5 “(2) make recommendations to the Director for
6 maintaining a modernized inventory of flood hazard
7 maps and information; and

8 “(3) submit an annual report to the Director
9 that contains a description of the activities and rec-
10 ommendations of the Council.”.

11 (5) *ELIMINATION OF TERMINATION*.—Section 576
12 of the National Flood Insurance Reform Act of 1994
13 (42 U.S.C. 4101 note) is amended by striking sub-
14 section (k) and inserting the following new subsection:

15 “(k) *CONTINUED EXISTENCE*.—Section 14(a)(2)(B) of
16 the Federal Advisory Committee Act (5 U.S.C. App.; relat-
17 ing to termination of advisory committees) shall not apply
18 to the Council.”.

19 (c) *POST-DISASTER FLOOD ELEVATION DETERMINA-*
20 *TIONS*.—Section 1360 of the National Flood Insurance Act
21 of 1968 (42 U.S.C. 4101), as amended by the preceding pro-
22 visions of this Act, is further amended by adding at the
23 end the following new subsection:

24 “(l) *INTERIM POST-DISASTER FLOOD ELEVATIONS*.—

1 “(1) *AUTHORITY.*—Notwithstanding any other
2 *provision of this section or section 1363, the Director*
3 *may, after any flood-related disaster, establish by*
4 *order interim flood elevation requirements for pur-*
5 *poses of the national flood insurance program for any*
6 *areas affected by such flood-related disaster.*

7 “(2) *EFFECTIVENESS.*—Such interim elevation
8 *requirements for such an area shall take effect imme-*
9 *diately upon issuance and may remain in effect until*
10 *the Director establishes new flood elevations for such*
11 *area in accordance with section 1363 or the Director*
12 *provides otherwise.”.*

13 (d) *UPDATING UPON REQUEST OF COMMUNITY.*—
14 *Paragraph (2) of section 1360(f) of the National Flood In-*
15 *surance Act of 1968 (42 U.S.C. 4101(f)(2)) is amended by*
16 *inserting before the period at the end the following: “, except*
17 *that such a revision or update shall be made at no cost*
18 *to the unit of government making the request if the request*
19 *is being made to reflect repairs and upgrades to dams, lev-*
20 *ees, or other flood control projects under the jurisdiction and*
21 *responsibility of the Federal Government”.*

1 **SEC. 23. NOTIFICATION AND APPEAL OF MAP CHANGES; NO-**
2 **TIFICATION OF ESTABLISHMENT OF FLOOD**
3 **ELEVATIONS.**

4 *Section 1363 of the National Flood Insurance Act of*
5 *1968 (42 U.S.C. 4104) is amended by striking the section*
6 *designation and all that follows through the end of sub-*
7 *section (a) and inserting the following:*

8 *“SEC. 1363. (a) In establishing projected flood ele-*
9 *vations for land use purposes with respect to any commu-*
10 *nity pursuant to section 1361, the Director shall first pro-*
11 *pose such determinations—*

12 *“(1) by providing the chief executive officer of*
13 *each community affected by the proposed elevations,*
14 *by certified mail, with a return receipt requested, no-*
15 *tice of the elevations, including a copy of the maps*
16 *for the elevations for such community and a state-*
17 *ment explaining the process under this section to ap-*
18 *peal for changes in such elevations;*

19 *“(2) by causing notice of such elevations to be*
20 *published in the Federal Register, which notice shall*
21 *include information sufficient to identify the elevation*
22 *determinations and the communities affected, infor-*
23 *mation explaining how to obtain copies of the ele-*
24 *vations, and a statement explaining the process under*
25 *this section to appeal for changes in the elevations;*
26 *and*

1 “(3) by publishing in a prominent local news-
2 paper the elevations, a description of the appeals
3 process for flood determinations, and the mailing ad-
4 dress and telephone number of a person the owner
5 may contact for more information or to initiate an
6 appeal.”.

7 **SEC. 24. CLARIFICATION OF REPLACEMENT COST PROVI-**
8 **SIONS, FORMS, AND POLICY LANGUAGE.**

9 *Not later than the expiration of the 3-month period*
10 *beginning on the date of the enactment of this Act, the Di-*
11 *rector of the Federal Emergency Management Agency*
12 *shall—*

13 (1) *in plain language using easy to understand*
14 *terms and concepts, issue regulations, and revise any*
15 *materials made available by such Agency, to clarify*
16 *the applicability of replacement cost coverage under*
17 *the national flood insurance program;*

18 (2) *in plain language using easy to understand*
19 *terms and concepts, revise any regulations, forms, no-*
20 *tices, guidance, and publications relating to the full*
21 *cost of repair or replacement under the replacement*
22 *cost coverage to more clearly describe such coverage to*
23 *flood insurance policyholders and information to be*
24 *provided by such policyholders relating to such cov-*

1 *erage, and to avoid providing misleading information*
2 *to such policyholders;*

3 *(3) revise the language in standard flood insur-*
4 *ance policies under such program regarding rating*
5 *and coverage descriptions in a manner that is con-*
6 *sistent with language used widely in other home-*
7 *owners and property and casualty insurance policies,*
8 *including such language regarding classification of*
9 *buildings, basements, crawl spaces, detached garages,*
10 *enclosures below elevated buildings, and replacement*
11 *costs; and*

12 *(4) require the use, in connection with flood in-*
13 *surance policies, of the supplemental forms developed*
14 *pursuant to section 202 of the Bunning-Bereuter-*
15 *Blumenauer Flood Insurance Reform Act of 2004*
16 *(Public Law 108–264; 118 Stat. 725).*

17 **SEC. 25. AUTHORIZATION OF ADDITIONAL FEMA STAFF.**

18 *Notwithstanding any other provision of law, the Direc-*
19 *tor of the Federal Emergency Management Agency may em-*
20 *ploy such additional staff as may be necessary to carry out*
21 *all of the responsibilities of the Director pursuant to this*
22 *Act and the amendments made by this Act. There are au-*
23 *thorized to be appropriated to Director such sums as may*
24 *be necessary for costs of employing such additional staff.*

1 **SEC. 26. EXTENSION OF DEADLINE FOR FILING PROOF OF**
2 **LOSS.**

3 (a) *IN GENERAL.*—Section 1312 of the National Flood
4 Insurance Act of 1968 (42 U.S.C. 4019) is amended—

5 (1) by inserting “(a) *PAYMENT.*—” before “The
6 Director”; and

7 (2) by adding at the end the following new sub-
8 section:

9 “(b) *FILING DEADLINE FOR PROOF OF LOSS.*—

10 “(1) *IN GENERAL.*—In establishing any require-
11 ments regarding notification, proof, or approval of
12 claims for damage to or loss of property which is cov-
13 ered by flood insurance made available under this
14 title, the Director may not require an insured to no-
15 tify the Director of such damage or loss, submit a
16 claim for such damage or loss, or certify to or submit
17 proof of such damage or loss, before the expiration of
18 the 180-day period that begins on the date that such
19 damage or loss occurred.

20 “(2) *EXCEPTIONS.*—Notwithstanding any dead-
21 line established in accordance with paragraph (1), the
22 Director may not deny a claim for damage or loss de-
23 scribed in such paragraph solely for failure to meet
24 such deadline if the insured demonstrates any good
25 cause for such failure.”.

1 (b) *APPLICABILITY.*—Subsection (b) of section 1312 of
2 *the National Flood Insurance Act of 1968, as added by sub-*
3 *section (a)(2) of this section, shall apply with respect to*
4 *any claim under which the damage to or loss of property*
5 *occurred on or after the date of the enactment of this Act.*

6 **SEC. 27. 5-YEAR EXTENSION OF PROGRAM.**

7 Section 1319 of the *National Flood Insurance Act of*
8 *1968 (42 U.S.C. 4026) is amended by striking “September*
9 *30, 2008” and inserting “September 30, 2013”.*

10 **SEC. 28. REPORT ON INCLUSION OF BUILDING CODES IN**
11 **FLOODPLAIN MANAGEMENT CRITERIA.**

12 *Not later than the expiration of the 6-month period*
13 *beginning on the date of the enactment of this Act, the Di-*
14 *rector of the Federal Emergency Management Agency shall*
15 *conduct a study and submit a report to the Committee on*
16 *Financial Services of the House of Representatives and the*
17 *Committee on Banking, Housing and Urban Affairs of the*
18 *Senate regarding the impact, effectiveness, and feasibility*
19 *of amending section 1361 of the National Flood Insurance*
20 *Act of 1968 (42 U.S.C. 4102) to include widely used and*
21 *nationally recognized building codes as part of the flood-*
22 *plain management criteria developed under such section,*
23 *and shall determine—*

24 (1) *the regulatory, financial, and economic im-*
25 *pacts of such a building code requirement on home-*

1 *owners, States and local communities, local land use*
2 *policies, and the Federal Emergency Management*
3 *Agency;*

4 *(2) the resources required of State and local com-*
5 *munities to administer and enforce such a building*
6 *code requirement;*

7 *(3) the effectiveness of such a building code re-*
8 *quirement in reducing flood-related damage to build-*
9 *ings and contents;*

10 *(4) the impact of such a building code require-*
11 *ment on the actuarial soundness of the National*
12 *Flood Insurance Program;*

13 *(5) the effectiveness of nationally recognized*
14 *codes in allowing innovative materials and systems*
15 *for flood-resistant construction; and*

16 *(6) the feasibility and effectiveness of providing*
17 *an incentive in lower premium rates for flood insur-*
18 *ance coverage under such Act for structures meeting*
19 *whichever of such widely used and nationally recog-*
20 *nized building code or any applicable local building*
21 *code provides greater protection from flood damage.*

1 **SEC. 29. STUDY OF ECONOMIC EFFECTS OF CHARGING AC-**
2 **TUARIALLY-BASED PREMIUM RATES FOR PRE-**
3 **FIRM STRUCTURES.**

4 (a) *STUDY.*—*The Director of the Federal Emergency*
5 *Management Agency (in this section referred to as the “Di-*
6 *rector”)* shall conduct a study of the economic effects that
7 *would result from increasing premium rates for flood insur-*
8 *ance coverage made available under the national flood in-*
9 *surance program for non-primary residences and non-resi-*
10 *dential pre-FIRM structures (as such term is defined in sec-*
11 *tion 578(b) of the National Flood Insurance Reform Act of*
12 *1994 (42 U.S.C. 4014 note) to the full actuarial risk based*
13 *premium rate determined under section 1307(a)(1) of the*
14 *National Flood Insurance Act of 1968 for the area in which*
15 *the property is located. In conducting the study, the Direc-*
16 *tor shall—*

17 (1) *determine each area that would be subject to*
18 *such increased premium rates; and*

19 (2) *for each such area, determine—*

20 (A) *the amount by which premium rates*
21 *would be increased;*

22 (B) *the number and types of properties af-*
23 *ected and the number and types of properties*
24 *covered by flood insurance under this title likely*
25 *to cancel such insurance if the rate increases*
26 *were made;*

1 (C) the effects that the increased premium
2 rates would have on land values and property
3 taxes; and

4 (D) any other effects that the increased pre-
5 mium rates would have on the economy, home-
6 owners, and renters of non-primary residences.

7 (b) *REPORT.*—The Director shall submit a report to
8 the Congress describing and explaining the findings of the
9 study conducted under this section. The report shall be sub-
10 mitted not later than 12 months after the date of the enact-
11 ment of this Act.

Union Calendar No. 211

110TH CONGRESS
1ST Session

H. R. 3121

[Report No. 110-340]

A BILL

To restore the financial solvency of the national flood insurance program and to provide for such program to make available multiperil coverage for damage resulting from windstorms and floods, and for other purposes.

SEPTEMBER 24, 2007

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed